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PRESS RELEASE

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For Immediate Release

Hawaii Public Utilities Commission Opens a Proceeding to Implement New Federal Rules on Local Telephone Service Competition

The Hawaii Public Utilities Commission ("Commission") opened a proceeding today to implement requirements of the Federal Communications Commission's ("FCC") *Triennial Review Order*. The FCC issued this order in its triennial review of its rules that govern competition for local telephone service pursuant to the Telecommunications Act of 1996.

The *Triennial Review Order* is effective October 2, 2003, and establishes new rules on the obligations of existing telephone companies, which are referred to as incumbent local exchange carriers ("ILECs"), such as Verizon Hawaii Inc., to make parts of their telephone networks available to competitors, which are referred to as competitive local exchange carriers ("CLECs"). This is described as "unbundling" parts of the ILECs' networks for lease to, and use by, CLECs. The new rules delegate to the Commission and to other state commissions the task of determining the obligations of ILECs to continue to "unbundle" certain parts of their networks for use by CLECs.

State commissions are given two separate and distinct deadlines – ninety (90) days and nine (9) months from the effective date of the *Triennial Review Order* – in which to complete certain reviews and evaluations of the obligations of ILECs to continue to unbundle their networks under the standards prescribed by the FCC in its *Triennial Review Order*. State commissions are to analyze the extent, if any, to which competitors are "impaired," or faced with barriers to market entry, if they are not given access to unbundled switching equipment, features and functions for large business customers served by high capacity facilities and for mass-market (primarily residential) customers.

The Commission will carry out its responsibilities under the *Triennial Review Order* in two phases. Part I will address any motion filed by a competitor (or

CLEC) to rebut the FCC's national finding of no impairment for switching for large business customers served by high capacity facilities. Any such motion must be filed with the Commission within twenty (20) days of the filing date of the Commission's order opening the proceeding. Part II of the proceeding will address impairment as it relates to switching for mass-market (primarily residential) customers.

Parties of the Commission's existing, separate, and ongoing docket investigating the communications infrastructure of the State of Hawaii, in which the Commission, among other things, adopted its own rules governing local telephone competition, are automatically made parties to this proceeding under the Commission's order. Other interested persons or entities may request Commission approval to also participate in the proceeding. Motions to intervene as a party or participate must be filed with the Commission not later than twenty (20) days from the filing date of the order in accordance with the Commission's rules of practice and procedure.

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